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PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS FISCAL
YEAR 1987(U) WASHINGTON HEADQUARTERS SERVICES (DOD) DC
DIRECTORATE FOR INFORMATION OPERATIONS AND REPORTS
1987

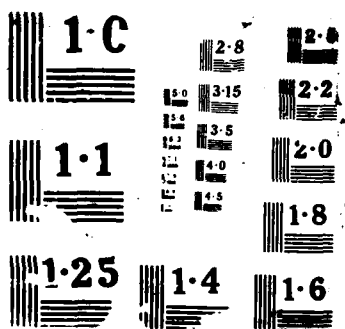
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DEPARTMENT OF DEFENSE

PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS

Fiscal Year 1987

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DIRECTORATE FOR INFORMATION
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Department of Defense

PROCUREMENT FROM SMALL AND OTHER BUSINESS FIRMS

Fiscal Year 1987

▲ Prime contract awards to small business firms totaled \$26,624 million during Fiscal Year 1987, compared with \$26,914 million for the same period last year. Awards to all business firms were \$135,340 million during Fiscal Year 1987, compared with \$136,497 million for the corresponding period last year.

Small business firms received 19.7 percent of prime contract awards made to all business firms during Fiscal Year 1987, identical to the percentage for Fiscal Year 1986. Although the year-to-year small business ratio remained unchanged, there were significant differences in the procurement mix of our purchases of supplies and equipment which impacted on the small business percentage. A reduction in the small business participation is seen in the ships, other major hard goods, commercial items, construction and civil functions categories. An increase in the small business rate of participation which offsets this reduction is seen in the missile and space systems and aircraft categories which are not normally favorable to small business as well as in services and petroleum categories which are normally favorable to small business. ✓

Defense prime contract awards for Research, Development, Test, and Evaluation (RDT&E) work are included in Table I and are shown separately in Table II. Small business firms were awarded \$1,488 million in Department of Defense RDT&E prime contracts during Fiscal Year 1987 compared with \$1,264 million during Fiscal Year 1986. Of the total RDT&E prime contracts awarded to business firms, small business received 7.9 percent during this period compared with 7.5 percent during the same period last year.

Data on subcontract commitments to small business firms for Fiscal Years 1986 and 1987 are shown in Table III. Commitment figures are obtained from large business firms which receive prime contract awards of \$500,000 or more having substantial subcontracting opportunities. The reporting large business firms committed a total of \$50,774 million in subcontracts during Fiscal Year 1987 of which \$20,586 million, or 40.5 percent, went to small business firms. This represents an increase of 2.1 percent to small business concerns over last year.

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TABLE I
SMALL BUSINESS SHARE OF DEFENSE PROCUREMENT
(AMOUNTS IN THOUSANDS)

TYPE OF FIRM AND CATEGORY OF PROCUREMENT	FISCAL YEAR TO DATE	
	1987	1986
	OCT 86 SEP 87	OCT 85 SEP 86
DEFENSE PROCUREMENT (PRIME CONTRACTS) FROM ALL BUSINESS FIRMS - TOTAL	\$135,340,300 =====	\$136,497,058 =====
MISSILE AND SPACE SYSTEMS	19,781,484	19,355,707
AIRCRAFT	27,683,991	32,267,221
SHIPS	11,448,464	9,401,543
OTHER MAJOR HARD GOODS	34,063,361	31,781,832
SERVICES	10,823,718	10,274,542
PETROLEUM	2,968,616	7,106,866
COMMERCIAL ITEMS	8,165,685	7,934,587
CONSTRUCTION	7,603,362	6,508,665
ALL PURCHASES OF \$25,000 OR LESS	10,942,585	10,277,742
CIVIL FUNCTIONS	1,859,034	1,588,353
DEFENSE PROCUREMENT (PRIME CONTRACTS) FROM SMALL BUSINESS FIRMS - TOTAL	\$26,624,157 =====	\$26,914,262 =====
MISSILE AND SPACE SYSTEMS	768,294	645,708
AIRCRAFT	1,310,050	1,354,528
SHIPS	1,455,486	1,495,705
OTHER MAJOR HARD GOODS	3,589,673	3,980,018
SERVICES	3,323,878	2,805,774
PETROLEUM	805,556	1,797,068
COMMERCIAL ITEMS	3,494,888	3,858,649
CONSTRUCTION	4,892,250	4,486,200
ALL PURCHASES OF \$25,000 OR LESS	5,934,347	5,566,208
CIVIL FUNCTIONS	1,049,735	924,404
PERCENTAGE OF DEFENSE PRIME CONTRACTS TO SMALL BUSINESS FIRMS - TOTAL	19.7 ===	19.7 ===
MISSILE AND SPACE SYSTEMS	3.9	3.3
AIRCRAFT	4.7	4.2
SHIPS	12.7	15.9
OTHER MAJOR HARD GOODS	10.5	12.5
SERVICES	30.7	27.3
PETROLEUM	27.1	25.3
COMMERCIAL ITEMS	42.8	48.6
CONSTRUCTION	64.3	68.9
ALL PURCHASES OF \$25,000 OR LESS	54.2	54.2
CIVIL FUNCTIONS	56.5	58.2

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TABLE II
SMALL BUSINESS SHARE OF DEFENSE PROCUREMENT
FOR RESEARCH, DEVELOPMENT, TEST AND EVALUATION WORK
(AMOUNTS IN THOUSANDS)

TYPE OF FIRM AND DEPARTMENT	FISCAL YEAR TO DATE	
	1987	1986
	OCT 86 SEP 87	OCT 85 SEP 86
TOTAL	\$18,806,873 =====	\$16,949,772 =====
ARMY	2,880,984	2,583,588
NAVY	6,477,016	6,300,694
AIR FORCE	8,496,290	7,058,944
DEFENSE LOGISTICS AGENCY	16,058	11,412
CIVIL FUNCTIONS	2,019	2,024
OTHER DEFENSE AGENCIES	934,506	993,110
SMALL FIRMS	1,488,073 =====	1,263,937 =====
ARMY	445,496	363,852
NAVY	349,305	303,750
AIR FORCE	474,427	403,463
DEFENSE LOGISTICS AGENCY	4,877	1,817
CIVIL FUNCTIONS	1,585	1,492
OTHER DEFENSE AGENCIES	212,383	189,563
OTHER FIRMS	17,318,800 =====	15,685,835 =====
ARMY	2,435,488	2,219,736
NAVY	6,127,711	5,996,944
AIR FORCE	8,021,863	6,655,481
DEFENSE LOGISTICS AGENCY	11,181	9,595
CIVIL FUNCTIONS	434	532
OTHER DEFENSE AGENCIES	722,123	803,547
SMALL FIRMS AS A PERCENT OF TOTAL	7.9 ===	7.5 ===
ARMY	15.5	14.1
NAVY	5.4	4.8
AIR FORCE	5.6	5.7
DEFENSE LOGISTICS AGENCY	30.4	15.9
CIVIL FUNCTIONS	78.5	73.7
OTHER DEFENSE AGENCIES	22.7	19.1

TABLE III
SMALL BUSINESS SHARE OF DEFENSE SUBCONTRACTS
FISCAL YEAR 1987

(Amounts in Thousands)

SUBCONTRACTS	FISCAL YEAR 1987 OCT 86 - SEPT 87	FISCAL YEAR 1986 OCT 85 - SEPT 86
Number of Reports from Large Business Firms	1342	1240
Subcontract Commitments by Reporting Large Business Firms	\$ 50,774,184	\$ 51,231,234
Commitments to Small Business	\$ 20,585,583	\$ 19,649,670
Percent to Small Business	40.5	38.4

SOURCE: Companies Participating in the DoD Subcontracting Program, Fiscal Year 1987

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